

# Verizon's spectrum deal with cable is the end of broadband competition



The spectrum deal Verizon signed with Comcast, Time Warner Cable and Bright House Networks Friday, in which the nation's largest wireless operator would buy the unused airwaves from the nation's top cable providers, signals the moment that the consumer benefits of the convergence of voice, video and data hit the wall. It's a deal that's great for Verizon, an acknowledgment of reality for the cable folks and a bummer for AT&T and consumers.

Under the terms of the deal, Verizon will acquire AWS spectrum that Comcast, Time Warner Cable and Bright House Networks had purchased during the AWS auctions under the SpectrumCo name in 2006. Verizon is paying a \$1.2 billion premium for the airwaves and will get 20 MHz in cities across the continental U.S., giving it up to 60 MHz for its Long Term Evolution (LTE) network in certain markets. And for mobile players, having a lot

of spectrum is essential to meeting demand.

But as part of the deal, Verizon and the cable companies have signed undisclosed “agreements” that indicate how the two companies will combine their products and create partnerships around bundling wireless, voice, data and television. Verizon didn’t explain much, but [Kevin Fitchard](#), writes: (Verizon Building A Spectrum Empire With Cable Deal <http://gigaom.com/broadband/verizon-building-a-spectrum-empire-with-cable-deal/>)

The most obvious result of that deal would be to allow the cable operators to become MVNOs on Verizon’s network, but it may also hold the possibility of Verizon becoming a kind of cable virtual operator or agent outside of its traditional wireline territory, selling home broadband, TV and phone services out of its stores.

In a blog post today Neil Smit, President of Comcast Cable [wrote](#) that Comcast will wait four years before it can provide a mobile offering with itself acting as mobile virtual network operator. He said Time Warner Cable and Bright House had similar agreements. However, the tenor of those agreements is essential in determining how this deal will affect the U.S.’ broadband competition in both wireless and wireline.

### **The hope of a new wireless player shrinks**

Verizon and the cable guys are hanging up their gloves. Consumer groups are leery that this deal will benefit their constituents, with Mark Cooper — research director of the Consumer Federation of America — saying in an interview, “This is the end of the world!”

“Verizon was supposed to be our competitor for Comcast in the wireline space and SpectrumCo was supposed to be a competitor

to Verizon and AT&T in the wireless, and now that's all gone," he said. Indeed, it's looking unlikely that the cable guys will continue to act as any sort of competition, especially given that [Cnet is reporting](http://news.cnet.com/8301-1035_3-57335601-94/comcast-time-warner-preparing-to-bid-farewell-to-clearwire/) (Comcast Time Warner Preparing To Bid Farewell to Clearwire [http://news.cnet.com/8301-1035\\_3-57335601-94/comcast-time-warner-preparing-to-bid-farewell-to-clearwire/](http://news.cnet.com/8301-1035_3-57335601-94/comcast-time-warner-preparing-to-bid-farewell-to-clearwire/)) they will halt their agreement to resell WiMax with Clearwire. This leaves the wireless world pretty much stuck with AT&T, Verizon, Sprint and T-Mobile, with smaller dollops of competition provided by Leap Wireless and MetroPCS. The two smaller carriers may even get a tiny boost if the [FCC requires Verizon to sell off any spectrum assets](http://gigaom.com/broadband/verizon-to-att-want-more-spectrum-heres-how-you-get-it/) (Verizon To AT&T Want More Spectrum? Here's How To Get It <http://gigaom.com/broadband/verizon-to-att-want-more-spectrum-heres-how-you-get-it/>) as part of approving the deal.

Despite the potential of a small spectrum divestiture, Cooper notes that in the last 10 years, AT&T and Verizon have managed to buy 75 percent of the spectrum that was put on auction, and about 90 percent of the spectrum auctioned in the last decade is in the hands of the Big Four carriers. Given that spectrum is one of the barriers to entry for anyone planning a wireless network, and that getting the stuff approved for a mobile broadband network is daunting and expensive, it's pretty clear U.S. policy hasn't helped spread that wealth.